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MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Interim Report on Bureau of the Budget Review of the
CIA Fiscal Year 1965 Budget Estimate

1. Budget hearings with the Bureau of the Budget examiner have been underway for the past two weeks. Following the context of the DDCI covering letter to the Agency's submission, three principal areas of focus pervade the line of questioning - covert action and paramilitary activity - including stockpiling of materiel; technical collection; and overseas manpower.

2. Bureau examiners are "wire brushing" our paramilitary estimates for [redacted] They are also placing stress on technical collection programs, requesting evidence as to the intelligence value of products from third party arrangements (they admit to the "cheap" buy the U.S. receives in these arrangements, but ask evidence of substantive value of take.) They have also raised questions about Agency support to NRO, dollars flowing through Agency accounts on behalf of "Intelligence Community" projects, and manpower requirements caused by what Mr. Amory refers to as "proliferation of security systems."

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3. All Offices are being questioned on manpower levels - especially overseas requirements. Particular probing is being undertaken to determine the degree of the CIA Comptroller's review of both the dollar and manpower estimates. Space requirements are also being questioned.

4. We continue to anticipate a Bureau recommendation for reduction [redacted] below the Agency submission. New programs and organizations such as Foreign Missile and Space Analysis Center and National Intelligence Programs Evaluation are not included yet in the Fiscal Year 1965 budget nor are the dollar requirements to accommodate the new pay bill. These will work out in the BOB/CIA negotiations over a final figure.

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[redacted]

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R. H. FUCHS
Acting Comptroller

EXECUTIVE DIRECTOR THE Compt

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| Remarks: Attached is an interim report on the progress of budget hearings. Mr. McCone indicated he wanted to be kept advised. <div style="border: 1px solid black; width: 200px; height: 20px; margin: 10px auto;"></div> / R. H. Fuchs | | | | | |
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